

Portfolio Holder decision record sheet

Name of decision maker: Councillor Bromham

Portfolio: Neighbourhood Operations

Date of Portfolio Holder decision:

Title of decision: Extension of the contract for the supply of Liquid Fuel (Diesel & Gas Oil)

Background to report:

The Council currently orders 12,000 litres of Diesel every 10 days for their on-site fuel tank located at Cupid Green depot. This equates to 36 fuel deliveries each year which enables the Council's fleet of vehicles to operate.

Following a report presented to Commercial Board back in 2022, the Council utilised the Eastern Shires Purchasing Organisation (ESPO) framework agreement 301_22, to award a 2-year contract to Certas Energy for the supply of liquid fuel.

The ESPO framework agreement is a fully compliant arrangement that covers the period from October 2022 to September 2026, and is a national arrangement that is used by many public sector organisations.

The price of the fuel-only element of the contract via the framework is linked to the Platts Price Index and all suppliers on the framework agreement will charge the same price for this element. In addition to this is the margin price submitted by suppliers, which is the price the supplier charges, on top of the fuel price, for all the services required in the delivery of the fuel to the customer (haulage, administration, account management, invoicing etc.) and a Small Loads Premium (SLP).

The current contract expires at the end of September 2024 and there is a need to make arrangements to extend this contract, as permitted under the ESPO framework agreement.

Decision made and reasons:

To extend the contract with Certas Energy for a further 2 years as permitted under the ESPO framework agreement 301_22.

This will provide the Council with the secure delivery of liquid fuel for the next 2 years and ensure that the expenditure remains compliant with current procurement legislation.

Reports considered:

Not Applicable

Officers/Councillors/Ward Councillors/Stakeholders consulted:

Head of Environmental Services
Head of Commercial Development

Monitoring Officer comments:

Prior to the extension officers should ensure that agreed terms are properly documented in an appropriate service contract or terms and conditions.

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Deputy S151 Officer comments: The extension of this contract arrangement is considered to represent best value for money compared to alternative of approaching the market.

Financial Implications:

- It is projected that the Council will have a similar level of annual expenditure on this contract as in previous years which will be £650k.

Risk:

- The Council made a choice a number of years ago to purchase its liquid fuels via a nationally agreed framework agreement, rather than approaching the fuel market on its own. This approach has mitigated the financial risks for the Council and the risks associated with the supply of the fuel.

Value for money:

- The utilisation of the ESPO framework agreement ensures that the Council are obtaining fuel in a competitive environment, which demonstrates value for money.

Options considered and reasons for rejection:

The Council also has the option of not extending the contract and approaching the market as a single customer. However, the financial risks associated with this approach would mean that the Council does not properly fulfil its duty to its residents and taxpayers to ensure best value for money.



Portfolio Holder's signature:

Date: 31 October 2024

Details of any interests declared and any dispensations given by the Standards Committee:

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Date decision record sheet received from portfolio holder: 31 October 2024

Date decision published: 31 October 2024

Decision no: PH-027_24

Date of expiry of call-in period: 7th October 2024

Date any call-in received or decision implemented: